

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF CHARLES) APPEAL NO. 07-A-2746
AND BEVERLY NIGHTENGALE from the decision of) FINAL DECISION
the Board of Equalization of Valley County for tax) AND ORDER
year 2007.)

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing January 22, 2008 in Cascade, Idaho before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs, David E. Kinghorn and Linda S. Pike participated in this decision. Appellants Charles and Beverly Nightengale appeared at hearing. Assessor Karen Campbell, Chief Deputy Assessor Deedee Gossi and County Appraiser Charles Pickens appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RPM050270000010 A.

The issue on appeal is the market value of a residential property.

The decision of the Valley County Board of Equalization is modified.

FINDINGS OF FACT

Subject's assessed land value is \$101,000, and the improvements' valuation is \$252,910, totaling \$353,910. Appellants request the land value be reduced to \$85,330, and the improvements' value be reduced to \$213,670, totaling \$299,000.

The subject property is a 1,644 square foot townhome on a .150 acre lot, located in McCall, Idaho.

Appellants claim the assessed value significantly overstated the true market value of subject. Last years assessed land value was \$42,130, the improvements' valuation was \$247,420, totaling \$289,550. The taxpayers received three assessment notices which raised

questions concerning the methodology used by the County. The first notice had a total assessed value of \$325,470. The second assessment had a total assessed value of \$311,760. The third and final assessment reflected a total assessed value of \$353,910.

Subject was purchased as new construction in 2005 for \$289,000. Appellants subsequently sold the property in 2007 for \$299,000.

Appellants explained a neighboring property (identical townhome) was listed in July 2006 for \$339,000. By January 2007 the neighboring property had not sold and was taken off the market. The taxpayers concluded the \$339,000 was greater than subject's market value as of December 31, 2006.

It was further noted two more neighboring properties (identical townhomes) were listed in 2007 for \$309,000 and one subsequently sold for \$266,500. Photographs of subject and the neighboring townhomes were submitted.

The County explained the first assessment was prepared using a 3% appreciation rate per month. After further consideration it was decided the 3% rate was incorrect. There followed the reduction in land values and eventual increases in improvement values toward passing the State Tax Commission's equalization standards. The Tax Commission mandated the final value increase applied in the last instance to the residential improvement values.

The County provided 12 improved property sales from 2005 and 2006 in support of subject's 2007 assessed value. Respondent maintained these sales were located in the general area of subject and were rated "average +" grade the same as subject. The sale prices ranged between \$311,000 and \$750,000. The assessed value to sale price for the 12 sales had an average assessment ratio 94%, with the overall range from 62% to 118%.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code provides that “All property within the jurisdiction of this state, not expressly exempted, is subject to appraisal, assessment and property taxation.” I.C. § 63-203.

Idaho Code further directs that “rules promulgated by the State Tax Commission shall require each assessor to find market value for assessment purposes of all property” as of January 1. §§ 63-208(1), 63-205(1), I.C.

For taxation purposes, Idaho requires that property be valued at market value defined in § 63-201(10) as “the most probable amount” for which a property would exchange hands. This “most probable amount” is arrived at when a transaction (or multiple transactions) satisfies certain elements of a fair market exchange: First, the seller must be “knowledgeable and willing” and acting “under no compulsion to sell.” Second, the buyer must be “informed” and “capable” and acting “under no undue compulsion to buy.” Third, the market exposure must be open and allow “a reasonable time” to consummate the sale. Fourth, the buyer must substantiate the exchange “by a reasonable down or full cash payment.”

Respondent presented 2005 and 2006 improved sales of the same grade as subject, but did not present any details on the properties' location, physical characteristics, residence square footage, or acreage. In the absence of County appraisal analysis, the Board therefore cannot examine the sales in detail to determine their comparability to subject and what subject's indicated value might be. The indicated average assessment ratio from the 12 sales was not

found to be good evidence of subject's market value.

Respondent also provided nearby land sales. The lots ranged in size from .103 and 1.00 acres and sold between \$60,790 and \$133,620. The most comparable sale was a .115 acre lot which sold in July 2006 for \$135,000. Consideration of Respondent's bare land sales demonstrate subject's assessed land value is well supported.

Appellant's case for a reduction in subject's assessed improvement value appeared reasonable. Subject was purchased in July 2005 for \$289,000. Appellant's subsequently sold the subject property in 2007 for \$299,000. The neighboring property was listed for sale for six (6) months at approximately \$339,000 and did not sell. The Board recognizes a listing does not establish a market, but it can suggest a practical ceiling for the value of "like" property. Considering the evidence in record, the Board finds a reduction is warranted to subject's total value with the reduction understood to apply to the improvements. The Board will therefore modify the decision of the Valley County Board of Equalization reducing subject's improvement value to \$229,000.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease in the improvements' value to \$229,000. There is no change to the land value component at \$101,000. The total assessed value is therefore \$330,000.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED April 3, 2008